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**Moody's Investors Service**

<u>Long-Term Debt</u>		<u>Short-Term Debt</u>	
Aaa	Ba1	P-1	
Aa1	Ba2	P-2	
Aa2	Ba3	P-3	
Aa3	B1	NP	
A1	B2	WR	
A2	B3		
A3	Caa1		
Baa1	Caa2		
Baa2	Caa3		
Baa3	Ca		
	C		
	WR		

Note: white = investment grade, yellow = non-investment grade

1) Long-Term Debt

Ratings Definitions

2) MOODY'S, S&amp;P &amp; COMP

Rating Scale Comparison

3) Short-Term Debt

Ratings Definitions

4) Expected/Provisional

Rating Definitions

Australia 61 2 9777 8600

Brazil 5511 3048 4500

Europe 44 20 7330 7500

Germany 49 69 920410

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**Aaa** Bonds and preferred stock which are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edged". Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

**Aa** Bonds and preferred stock which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risk appear somewhat larger than Aaa securities.

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- A Bonds and preferred stock which are rated A possess many favorable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.
- Baa Bonds and preferred stock which are rated Baa are considered as medium-grade obligations (i.e., they are neither highly protected nor poorly secured). Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.
- Ba Bonds and preferred stock which are rated Ba are judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate, and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

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- B** Bonds and preferred stock which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.
- Caa** Bonds and preferred stock which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.
- Ca** Bonds and preferred stock which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.
- C** Bonds and preferred stock which are rated C are the lowest rated class of bonds, and issues so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.
- WR** Withdrawn

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Moody's applies numerical modifiers 1, 2, and 3 in each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

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MOODY'S, S&P & COMP  
Rating Scale Comparison

<u>MOODY'S</u>		<u>S&amp;P</u>		<u>COMP</u>	
Aaa	Ba1	AAA	BB+	AAA	BB+
Aa1	Ba2	AA+	BB	AA+	BB
Aa2	Ba3	AA	BB-	AA	BB-
Aa3	B1	AA-	B+	AA-	B+
A1	B2	A+	B	A+	B
A2	B3	A	B-	A	B-
A3	Caa1	A-	CCC+	A-	CCC+
Baa1	Caa2	BBB+	CCC	BBB+	CCC
Baa2	Caa3	BBB	CCC-	BBB	CCC-
Baa3		BBB-		BBB-	

If MOODY'S and S&P have a split rating, the COMP is equivalent to the lower rating. If MOODY'S and S&P ratings are split two levels, the COMP is equivalent to the middle rating.

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Prime-1 Issuers rated Prime-1 (or supporting institutions) have a superior ability for repayment of senior short-term debt obligations. Prime-1 repayment ability will often be evidenced by many of the following characteristics:

- . Leading market positions in well-established industries.
- . High rates of return on funds employed.
- . Conservative capitalization structure with moderate reliance on debt and ample asset protection.
- . Broad margins in earnings coverage of fixed financial charges and high internal cash generation.
- . Well-established access to a range of financial markets and assured sources of alternate liquidity.

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**Prime-2** Issuers rated Prime-2 (or supporting institutions) have a strong ability for repayment of senior short-term debt obligations. This will normally be evidenced by many of the characteristics cited above but to a lesser degree. Earnings trends and coverage ratios, while sound, may be more subject to variation. Capitalization characteristics, while still appropriate, may be more affected by external conditions. Ample alternate liquidity is maintained.

**Prime-3** Issuers rated Prime-3 (or supporting institutions) have an acceptable ability for repayment of senior short-term obligations. The effect of industry characteristics and market compositions may be more pronounced. Variability in earnings and profitability may result in changes in the level of debt protection measurements and may require relatively high financial leverage. Adequate alternate liquidity is maintained.

**Not Prime** Issuers rated Not Prime do not fall within any of the Prime rating categories.

**WR** Withdrawn

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Expected/Provisional Definitions

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Expected Ratings

To address market demand for timely information on particular types of credit ratings, Moody's has licensed to certain third parties the right to generate "Expected Ratings." Expected Ratings are designated by an "e" after the rating code, and are intended to anticipate Moody's forthcoming rating assignments based on reliable information from third party sources (such as the issuer or underwriter associated with the particular securities) or established Moody's rating practices. Expected Ratings will exist only until Moody's assigns a rating to the instrument.

For Medium-Term Notes (MTNs), Expected Ratings indicate that Moody's is awaiting confirmation of details related to a specific drawdown or note from a principal in the transaction. Medium-Term notes are typically, but not always, assigned the same rating as the note's program rating. Consistent with Moody's rating practices, the specific rating assigned to an MTN drawdown will be the same as the program rating, unless the security has certain

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credit-linked or other differentiating characteristics. Please refer to Moody's current rating definition for details.

Market participants may contact Moody's Ratings Desk or visit [www.moodys.com](http://www.moodys.com) if they have questions regarding Expected Ratings.

Provisional Ratings

As a service to the market and typically at the request of an issuer, Moody's will assign a provisional rating when it is highly likely that the rating will become final after all documents are received, or an obligation is issued into the market. A provisional rating is denoted by placing a (P) in front of the rating. Such ratings may be assigned to shelf registrations under SEC rule 415.

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